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July 18, 2003

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street SW, Room TWB-204
Washington, DC 20554

RE: Comments of TSI Telecommunications Services Inc.
Application by SBC Communications Inc., Michigan Bell Telephone Company, and Southwestern Bell Communications Service, Inc. for Provision of In-Region InterLATA Services in Michigan, WC Docket No. 03-138

Dear Ms. Dortch:

TSI Telecommunication Services Inc. (TSI) is a global supplier of interoperability solutions to more than 250 telecommunications operators throughout North America, Latin America, Asia-Pacific and Europe. TSI's offerings include SS7 intelligent network services, database services, fraud and carrier access billing solutions, and other service bureau applications. TSI is headquartered in Tampa, Florida and has provided signaling services on behalf of eligible telecommunications carrier customers in the United States since 1993 and currently offers signaling services in SBC markets.

TSI's position is that the above-referenced petition filed by SBC for 271 relief in the State of Michigan should be denied because SBC does not meet the requirements of the Telecommunications Act of 1996 (Pub. Law 104-104), Section 271, Competitive Checklist Item 10, nondiscriminatory access to databases and associated signaling. SBC's treatment of third-party signaling service providers, such as TSI, with regard to the purchase and exchange of signaling traffic is discriminatory and/or anti-competitive. Therefore, SBC is not entitled to the relief it is seeking.

Signaling is necessary for switched telecommunication services, and all carriers (ILECs, CLECs and CMRS) must have SS7 capability. Carriers may choose to build their own SS7 network, acquire SS7 network services from a third-party provider (like TSI), or purchase signaling services from SBC. Building an SS7 network requires a substantial commitment of capital, and those carriers who either do not have the capital resources available or who choose to commit those capital resources to other investment opportunities are left with the choice of purchasing signaling services from a third-party provider or directly from SBC.

If a carrier serving the local exchange chooses to purchase signaling services from SBC directly, SBC will allow the carrier to purchase signaling from UNE tariffs or will negotiate an interconnection agreement that addresses the exchange of signaling traffic (including ISUP and TCAP messages) consistent with the provisions of the Telecommunications Act of 1996. Normally, negotiated signaling rates associated with interconnection arrangements provide carriers cost recovery for these services and are billed on a reciprocal compensation or a bill and keep basis.

However, if the carrier chooses to purchase signaling services from a third-party provider, such as TSI, SBC requires the third-party provider to purchase from the FCC tariff (at a higher rate). SBC refuses to allow third-party signaling providers to purchase signaling from UNE tariffs or to negotiate interconnection agreements based on the pretense that the third-party provider is not a carrier which completely ignores the fact that the signaling is being purchased on behalf of a carrier for the carrier's switched telecommunications traffic. Third-party signaling providers carry no voice traffic and have no independent use for signaling messages, except to support the telephone calls of their carrier customers. Accordingly, SBC's policy results in the discriminatory and anti-competitive treatment of those carriers who utilize a third-party provider for signaling services.

In addition, TSI signaling services supports local calls exchanged with SBC's network by its CLEC and CMRS customers. SBC refuses to provide any billing detail to facilitate TSI's and other third party providers' ability to audit the signaling messages exchanged with SBC to determine accurate signaling message counts and proper jurisdictional billing treatment associated with these calls. As a result, SBC inappropriately and deliberately increases competitors' costs of providing service by an improper application of cost causation principles, or, as here, an improper construction and application of the Access Catalog. Furthermore, SBC has implemented an intrastate SS7 message rate structure in a manner that permits SBC to assess ISUP (IAM) message charges on local calls that are otherwise subject to interconnection agreements with eligible telecommunications carriers and does so for end-user traffic that SBC initiates, which is a violation of applicable reciprocal compensation rules and policies.

TSI has previously requested SBC to recognize that TSI offers similar services and exchanges ISUP messages to and from SBC's network, benefiting not only TSI and its customers, but SBC and its customers as well. However, SBC has refused to entertain discussions with TSI to address how TSI purchases or exchanges signaling services with SBC on the basis that TSI is not an eligible telecommunications carrier. Instead, SBC bills TSI from the Access Service tariff and has informed TSI that it will only offer the benefits of alternative tariff arrangements or negotiated agreements associated with signaling to eligible telecommunications carriers that do not use a third-party SS7 provider. Such a policy is blatantly discriminatory and anti-competitive to eligible carriers who choose to use a third-party provider, such as TSI, for signaling services.

TSI asserts that SBC should not only acknowledge the services and benefits provided by third-party signaling providers, but should afford such third-party signaling providers the same or similar treatment as it does eligible carrier customers who either contract with SBC directly for signaling services or provide their own independent SS7 signaling services. A carrier should not be penalized with higher rates simply by choosing a third-party alternative to SBC's signaling services. SBC's refusal to offer similar terms and conditions to third-party alternative signaling providers who stand in the shoes of their carrier customers results in the discriminatory and anti-competitive treatment of those third-party providers and their carrier customers. For these reasons, TSI asserts that the petition filed by SBC fails to comply with the requirements of Section 271 of the Telecommunications Act of 1996 and should be denied.

If TSI can provide any additional information, please contact me at 813-273-3307.

Very truly yours,

David J. Robinson
TSI Telecommunication Services Inc.